



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Larry D. Lisenbee

**SUBJECT: UPDATED INFORMATION  
REGARDING 2007-2008  
GENERAL FUND REVENUE  
ESTIMATES**

**DATE:** June 1, 2007

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Approved	/s/	Date	06/01/07
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## **RECOMMENDATION**

The following amendments to the 2007-2008 General Fund Proposed Budget are recommended:

1. Increase the revenue estimate for Transfers and Reimbursements by \$1,028,000;
2. Decrease the revenue estimate for Property Tax by \$500,000;
3. Decrease the revenue estimate for Utility Tax by \$300,000; and
4. Allocate any or all of the \$228,000 net additional revenue as part of the 2007-2008 Budget process, with any unused balance distributed to the Contingency Reserve.

## **BACKGROUND**

Since the release of the Proposed 2007-2008 Operating Budget on May 1, 2007, additional information has become available regarding the status of General Fund revenues projected for 2007-2008. This information results in the net availability of \$228,000 in additional funding for City Council allocation in 2007-2008.

## **ANALYSIS**

Recommended revisions to the 2007-2008 Proposed Budget revenue estimates are described below:

### **Transfers and Reimbursements**

An increase of \$1.03 million is recommended to reflect a revision to the overhead rate assumption for the Airport Operations and Maintenance Fund based on the finalized 2007-2008 rate. This rate was reviewed and finalized by both the Finance and Airport Departments after the 2007-2008 Proposed Budget was finalized.

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**Subject: Updated Information Regarding 2007-2008 General Fund Revenue Estimates**

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SB 813 Property Tax (Property Resales)

A decrease of \$500,000 to the Property Tax revenue estimate is recommended to reflect lower projected SB 813 Property Tax receipts based on current collection trends and the continued slowdown in the housing market. The 2007-2008 Proposed Budget had included a downward adjustment to this category for both 2006-2007 and 2007-2008 based on the sluggish housing market. The recommended adjustment would bring the SB 813 Property Tax estimate to \$5.0 million, down from \$5.5 million currently included in the 2007-2008 Proposed Budget.

Utility Tax

A decrease of \$300,000 to the Utility Tax revenue estimate is recommended to reflect slight downward adjustments in the Electricity and Telephone Utility Tax categories based on current year collection trends. The Electricity Utility Tax category had assumed collections of \$36.5 million in 2006-2007 with growth of 2% in 2007-2008. It is now anticipated that receipts will fall below the 2006-2007 estimate by approximately \$200,000 after adjusting for the additional one-time funding received in 2006-2007. The Telephone Utility Tax category is also projected to fall slightly (approximately \$100,000) below the 2006-2007 estimate of \$24.6 million based on collections through April 2007. The 2007-2008 projected growth rate of 1% in the Telephone Utility Tax category would remain the same.

/s/

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Budget Director